



Workplan

2014

Members of the Joint Legislative Audit and Review Commission

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1 | Work Planning Process

The Joint Legislative Audit and Review Commission (JLARC) is the oversight arm of the Virginia General Assembly. It was established by the legislature in 1973 to review and evaluate the operations and performance of state agencies and programs. Since JLARC's establishment, its responsibilities have been expanded to include oversight of the Virginia Retirement System, Virginia 529, and the Virginia Information Technologies Agency; review of fiscal impact statements; evaluation of proposed mandated health insurance benefits; and other oversight activities.

As statutory mandates have expanded and changed over time, JLARC has developed a flexible but structured work planning process. The process, a management-by-objective system modified to serve a small, research-oriented organization, can be subdivided into three basic steps: plan preparation and approval, plan control, and plan evaluation.

This workplan document reflects Commission and staff judgment on a feasible work schedule for 2014.

Plan Preparation and Approval

The JLARC biennial budget and research topic selection processes are the foundation for the annual workplan. The plan is prepared annually by the director, associate directors, and assistant director. Research topics are developed and approved annually by the Commission and the General Assembly. Plan preparation begins after topics have been selected, usually near the end of the legislative session.

This workplan establishes a general framework for defining agency goals and objectives, work activities, a project timetable, and staff assignments for the current year. The plan aids in problem identification and may be revised periodically to reflect changes in organizational priorities and needs. Objectives and activities are presented for three general program areas:

- Studies—an overview of studies and other research activities to be completed or initiated during the year.
- Oversight Activities—an overview of the continuing oversight activities and research projects related to oversight of the Virginia Retirement System, the Virginia College Savings Plan (Virginia529), and the Virginia Information Technologies Agency, and other oversight activities such as internal service funds.
- Support Functions—an overview of work activities related to research methods, publications and communications, business management and office services, and training and development.

Plan Control

The annual workplan is submitted to the Commission for its review and approval, generally

in May of each year. Agency and project managers are periodically informed about project scheduling and progress via project workplans, reviews by the leadership team at major stages in the research process, weekly planning meetings, monthly staff meetings, and personnel time allocation reports.

Each project team develops a detailed project workplan that outlines the major research issues, the methods proposed to address them, the project schedule, and the assignment of responsibilities among team members. The leadership team reviews and approves the workplan for each project prior to the research stage.

The leadership team reviews each project at the major stages of the research process. These reviews provide the opportunity for the leadership team to provide guidance and feedback as well as to remain informed regarding the progress of the project teams.

Weekly planning meetings are held most Monday mornings and feature informal reports on the status of projects and activities. These meetings are used to coordinate activities and to set priorities for administrative support during the week. The staff leadership team—which consists of the director, associate directors, assistant director, and business manager—outlines a plan of work for the period preceding each Commission meeting.

Full staff meetings are held on a monthly basis. These meetings keep staff members involved in and informed of important items of organizational and project interest. Plan, project, and other work responsibilities are also communicated through project-specific planning documents and organizational directives such as the Research Guide and Administrative Manual.

Time allocation forms are prepared by staff on a weekly basis. These forms are used to track individual and project time and to prepare periodic cost allocation reports when needed.

Plan Evaluation

The accomplishments of the JLARC workplan can be measured by four types of outcomes:

- Products—studies and reviews produced and reported;
- Completion of Other Scheduled Activities—the extent to which work activities are effectively completed;
- Legislative/Executive Utilization—(a) the extent to which JLARC reports provide useful information to the General Assembly and executive agencies, (b) the extent to which the legislature and executive agencies implement JLARC recommendations, (c) potential for cost savings accruing to the state, and (d) potential for improvements in agency operations and service delivery; and
- Legislative Feedback—the extent to which members of the Commission, the General Assembly, and leadership use the research products and information.

JLARC accomplishments are also assessed by a biennial follow up of completed studies with the results reported in the *Report to the General Assembly*. The next such report will be published in September of 2015.

2 | Mission, Goals, and Objectives

The mission, goals, and objectives of the Joint Legislative Audit and Review Commission (JLARC) are based on the statutory mandates for the agency and direction from the Commission.

Mission

JLARC's mission is to provide the General Assembly with an objective and vigorous oversight capability. Through analytic research and evaluation, the Commission aids in ensuring that the legislature is informed about state program operations, agencies fulfill legislative intent, and programs operate efficiently, effectively, and economically.

Goals

JLARC's goals are based on the statutory mandates for the agency:

- Provide the General Assembly with reliable and timely information for use in legislative decision making.
- Monitor and report whether state agencies and programs comply with legislative intent concerning appropriations and objectives.
- Determine whether state agencies and programs meet the criteria of efficiency, effectiveness, and economy.
- Offer practical, timely options and recommendations for improvement.

Objectives

JLARC has 13 objectives related to its mission and goals:

- Complete management, operational, program, and/or performance reviews and evaluations of state agencies and programs as directed by the General Assembly or the Commission in accordance with the Commission's general statutory authority and the Legislative Program Review and Evaluation Act.
- Provide accurate and timely information about the effectiveness and efficiency of state agencies and programs to members of the General Assembly, other governmental entities, and the citizens of Virginia.
- Develop report recommendations or options that will help agencies to operate more efficiently, effectively, or economically; improve services; and identify and eliminate duplication, overlap, and poor performance.
- Complete annual reviews of spending growth in state government and periodic reviews of expenditure forecasts.
- Complete reviews of fiscal impact statements as requested by the chairs of the standing committees during sessions of the General Assembly.

- Oversee and evaluate internal service funds as well as the Virginia Information Technologies Agency more broadly in compliance with statute and legislative direction.
- Oversee and evaluate the Virginia Retirement System in compliance with statute and legislative direction.
- Oversee and evaluate the Virginia College Savings Plan in compliance with statute and legislative direction.
- Evaluate proposed mandated health insurance benefits.
- Evaluate compliance with and impact of the management agreements for state-supported institutions of higher education and report the findings to the General Assembly.
- Monitor agency implementation of Commission recommendations and prepare follow-up studies on completed reports as necessary.
- Complete other oversight responsibilities such as participation in debt capacity and inmate forecasting committees.
- Continuously enhance JLARC research processes and practices, staff skills and abilities, and information technology resources.

3 | Reporting Schedule

To complete the work mandated by the General Assembly and the Commission, a schedule is developed for each of the studies to be reported for the year. This schedule is based on deadlines in the study mandates, the information needs of the legislature, the complexity of the research involved, and the availability of staff and other resources.

JLARC's proposed reporting schedule for 2014 accounts for specific reporting requirements in the joint resolutions or Appropriation Act language that directed several of the studies as well as the research workload for each project.

JLARC Proposed 2014 Report Schedule

May 12, 2014	2014 Director's Report FY 2015 JLARC Strategic Plan 2014 JLARC Workplan 2014 Auditor of Public Accounts Workplan
June 9	Low Performing Schools in Urban High Poverty Localities Size and Impact of Federal Spending in Virginia
July 14	VRS Semi-Annual Investment Report VRS Director and CIO Status Reports Quadrennial Actuarial Audit of VRS Virginia529 Biennial Status Report Virginia529 CEO Status Report
August	No meeting
September 8	State Incentives for Local Government and School Division Consolidation Virginia's Information Technology Governance Structure VITA CIO Status Report
October 14	Support Function Costs and Staffing at Virginia's Public Higher Education Institutions
November 10	Reducing the Cost of Public Higher Education in Virginia State Spending: 2014 Update
December 8	Virginia's Workforce Development Programs Virginia's Line of Duty Act State Spending on Standards of Quality (SOQ) Costs: 2014 Update VRS Biennial Status Report and Semi-Annual Investment Report

4 | Studies

The studies to be completed or initiated in 2014 are summarized below. Detailed research workplans are developed for each study to ensure timely completion of the work as scheduled.

Low Performing Schools in Urban High Poverty Localities

(Planned briefing: June 9, 2014)

Item 31 of the 2013 Appropriation Act directs JLARC to study options for restructuring the lowest performing schools or districts. The study was requested amid attempts to address the longstanding challenge of improving student achievement in schools educating children in the state's high poverty, urban localities. The state and school divisions have been attempting to improve student achievement through a variety of methods for many years. Most recently, the 2013 General Assembly created the Opportunity Educational Institution Board, which has the authority to assume authority for public schools meeting certain criteria.

This review will address what (1) barriers limit student achievement in Virginia's urban, high poverty schools; (2) educational practices and improvement strategies support achievement in these schools; (3) state resources and expertise are needed to implement the most effective improvement strategies; (4) models other states and cities have used to take control of low performing schools, and whether state or city control has increased achievement; and (5) criteria should be used to determine when state intervention in local schools is necessary to improve student achievement.

Size and Impact of Federal Spending in Virginia

(Planned briefing: June 9, 2014)

House Joint Resolution 635 (2013) directs JLARC to study the amount of federal spending in Virginia and to determine its importance and impact. The mandate specifically directs JLARC to consider all sources of federal spending in the state and localities, including grants, wages and salaries, direct payments to individuals, and procurements, as well as the indirect benefits to individuals, state and local governments, and businesses. Because of its proximity to the federal government and its strong military presence, Virginia receives more federal funds than most other states. A large proportion of the state's population receives federal spending, either through transfer payments such as Social Security income or salaries from federal employment. Changes in federal spending could therefore have a substantial economic impact on Virginia.

State Incentives for Local Government and School Division Consolidation

(Planned briefing: September 8, 2014)

Item 139 of the 2013 Appropriation Act directs JLARC to analyze and make recommendations regarding the most effective balance between the costs of incentives for government and school consolidations with the expected resulting savings and operational benefits. The state has provided incentive funding for three local government consolidations, most recently when the City of Bedford reverted to a town and consolidated with Bedford County. Localities that consolidate have received incentive funding through the direct aid to K-12 education formula, and maintained their combined levels of funding for other state aid, including funding for law enforcement and constitutional officers.

This review will (1) assess the effectiveness of prior state incentives to consolidate, (2) summarize other states' use of incentives to encourage local consolidation, and (3) identify options or make recommendations about how Virginia can change its approach to encouraging local consolidation when appropriate.

Virginia's Information Technology Governance Structure

(Planned briefing: September 8, 2014)

Item 31 of the 2013 Appropriation Act directs JLARC to review and evaluate the Virginia Information Technologies Agency (VITA) on a continuing basis. VITA, which is led by the Chief Information Officer, is Virginia's central information technology agency and plays a key role in managing and overseeing the state's technology assets. However, many of VITA's statutory responsibilities and authorities are not clearly defined or overlap with those assigned to the Secretary of Technology. Past JLARC reviews of VITA have found that technology governance should be clearly vested with a single party to ensure accountability. Past JLARC reports have also identified concerns about the effectiveness of VITA's security and procurement oversight, and it appears these concerns may still not have been fully addressed. State agencies play a limited role in the current governance structure despite the importance of their participation. In light of these concerns, in November 2013 JLARC staff began a review of the state's information technology governance structure.

This review will examine potential changes to the (1) statutory responsibilities and authorities vested with VITA and the Secretary of Technology for information technology governance, (2) responsibilities and authorities vested with VITA and agencies for security and procurement, and (3) IT governance structure that may improve the engagement of state agencies.

Support Function Costs and Staffing at Virginia's Public Higher Education Institutions

(Planned briefing: October 14, 2014)

House Joint Resolution 108 (2012) directs JLARC to study the academic and non-academic factors affecting the cost of higher education operations at Virginia's public four-year colleges and universities. This study will be the fourth in the series of JLARC reports under HJR 108 and address eight of the 14 items in the study mandate related to support functions.

Higher education support functions enable or enhance the core academic mission of institutions. This study will address academic support services, student services, institutional support, and physical plant operation and maintenance. About one-fifth of total spending (\$1.2 billion) at Virginia's 15 public four year higher education institutions was on these support functions.

As directed by the mandate, this study will (1) review support function spending and staffing, (2) assess the efficiency of support functions relative to key benchmarks, and (3) identify opportunities to improve support function efficiency.

Reducing the Cost of Public Higher Education in Virginia

(Planned briefing: November 10, 2014)

House Joint Resolution 108 (2012) directs JLARC to study the academic and non-academic factors affecting the cost of higher education operations at Virginia's public four-year colleges and universities. This study will be the fifth (and final) in the series of JLARC reports under HJR 108 and address four of the 14 items in the study mandate.

The goal of this study is to identify potential options and recommendations that would reduce the cost of public higher education to students in Virginia. These options and recommendations may be institution-specific or system-wide. To identify these options and recommendations, this study will assess (1) student aid and affordability, (2) capital spending and funding, (3) operational spending and funding, and (4) state higher education policy and governance.

Virginia's Workforce Development Programs

(Planned briefing: December 8, 2014)

House Joint Resolution 688 (2013) directs JLARC to update its 2003 report on Virginia's implementation of the federal Workforce Investment Act (WIA) and to recommend measures to improve access to information on program expenditures and outcomes. A proposed amendment to the 2014-2016 state budget also directs JLARC to evaluate the success of the workforce training and education systems in ensuring that Virginians possess the necessary skills and credentials to meet the workforce needs of the state's employers. In recent years, changes have been made to enhance coordination between the dozens of workforce development programs in Virginia, to improve collaboration between programs and employers, and to increase programs'

emphasis on providing marketable skills and credentials. Still, concerns remain that many workforce development programs are not adequately aligned with employers' workforce needs.

This study will evaluate (1) the transparency and accessibility of information on workforce development programs' spending and outcomes, (2) the extent to which workforce development programs effectively prepare Virginians for entering and progressing in the workforce, (3) the extent to which workforce development programs are meeting the needs of Virginia's employers, and (4) the state's role in supporting coordinated and effective local implementation of workforce development programs.

Virginia's Line of Duty Act

(Planned briefing: December 8, 2014)

House Joint Resolution 103 (2014) directs JLARC to review the structure, costs, and administration of benefits available under the Line of Duty Act. This act provides death and ongoing health insurance benefits to eligible hazardous duty employees and their families if they are killed or permanently disabled as a result of their official duties. In FY 2012, more than \$10.2 million in benefits was paid to 879 beneficiaries and their dependents. State agencies and participating localities fund these benefits through the Line of Duty Act Fund (the Fund), which is administered by the Virginia Retirement System. Localities that elected not to participate in the Fund either self-insure or work with a third party insurer to fund their benefits. The Department of Accounts determines eligibility for all claims under the Act.

As directed by the mandate, this review will (1) examine how benefits are administered and how eligibility is determined; (2) determine the cost of fully funding all benefits payable under the act for the next 10 years and the premiums that would need to be charged; and (3) review how other programs that provide similar benefits are administered, funded, and coordinated with other available benefits and assess the value and feasibility of adopting those program structures in Virginia.

State Spending on the K-12 Standards of Quality (SOQ): FY 2014

(Planned briefing: December 8, 2014)

JLARC staff will continue to report annually on the funding the state provides each locality for an educational program that meets the SOQ, as mandated by statute (§ 22.1-97). The SOQ include minimum resource requirements, such as ratios of teachers to students, for elementary and secondary schools. The cost of meeting the SOQ is apportioned between the state and local governments using a formula. The state contributes more towards this cost for localities with relatively lower local ability to pay as measured through the "composite index."

The December 2014 report will be the eleventh in the series of annual reports. The report will present the state's share of SOQ funding spent by localities, both in aggregate and for each locality. The report will also present SOQ funding by sub-account and per student.

Efficiency and Effectiveness of Elementary and Secondary School Spending

(Planned briefing: 2015)

Senate Joint Resolution 328 (2013) directs JLARC to study the efficiency and effectiveness of elementary and secondary school spending in Virginia. The mandate specifically directs JLARC to (1) evaluate the findings from School Efficiency Reviews and assess the extent to which recommendations have been implemented, (2) compare to other states how and to what extent Virginia funds elementary and secondary education, and (3) identify opportunities to improve the quality of education students receive in consideration of the funds spent. A proposed amendment to Item 30 #1h of the 2014 Appropriation Act also directs JLARC to review virtual instruction and spending. This review will begin as staff resources become available in summer 2014 and is to be completed by November 30, 2015.

5 | Oversight and Fiscal Analysis

Two JLARC staff members—the assistant director for ongoing oversight and fiscal analysis and one analyst—are responsible for conducting most of JLARC’s ongoing oversight activities. Other JLARC staff may become involved in oversight or fiscal analysis activities if particular expertise or additional resources are needed.

VRS Oversight

The Virginia Retirement System Oversight Act (§§ 30-78 through 30-84) authorizes JLARC’s oversight function of the Virginia Retirement System (VRS). The act directs JLARC to oversee and evaluate the Virginia Retirement System on a continuing basis and as directed by the General Assembly.

Goals and Objectives

- Provide timely, accurate information about the retirement system to the General Assembly.
- Assess the appropriateness of the structure of governance for the retirement system and recommend modifications to the structure as necessary.
- Evaluate on a periodic basis the soundness of the retirement system trust funds.
- Evaluate the performance of the VRS investment program and report to the General Assembly on any significant changes in the investment program.
- Evaluate the efficiency and effectiveness of VRS administration and operations.

Work Activities for 2014

Work activities for oversight of the retirement system are intended to ensure that the General Assembly is informed about important aspects of the system’s investments, actuarial status, and administrative effectiveness.

Attend Monthly Meetings of the Board of Trustees and Committees

(Ongoing)

JLARC staff will attend regular meetings of the VRS Board of Trustees and its committees including the Benefits and Actuarial Committee, the Audit and Compliance Committee, the Defined Contribution Plans Advisory Committee, the Investment Advisory Committee, the Administration and Personnel Committee, and the Investment Policy Committee.

Semi-Annual Investment Report

(Planned briefings: July 14, 2014)

JLARC staff will continue to monitor and review the VRS investment program. The focus of the review will remain on investment policy and asset allocation, as well as investment performance and risk management. JLARC staff will obtain detailed information concerning these areas through regular attendance of meetings of the VRS Investment Advisory Committee

and the VRS Board of Trustees, structured interviews with VRS investment staff, reviews of VRS documents, reviews of documents of other public employee retirement systems, and analysis of secondary sources of investment data.

At the July meeting, JLARC staff will present the semi-annual investment report. The VRS director and chief investment officer will also provide a status update on the system at this meeting.

Quadrennial Actuarial Audit

(Planned briefing: July 14, 2014)

As directed by statute, JLARC conducts an actuarial review of VRS once every four years (§ 30-81). The quadrennial actuarial audit will be based on the June 30, 2013 valuation. The audit is being prepared by Gabriel, Roeder, Smith & Company (GRS) under the provisions of its contract with JLARC. At the July meeting, GRS will present the findings and recommendations contained in the audit.

Biennial Status and Semi-Annual Investment Report

(Planned briefing: December 8, 2014)

As directed by statute, JLARC prepares a biennial status report on issues related to the VRS (§ 30-81). Issues for this report will include an update on the state's new hybrid retirement plan, the status of an initiative VRS is considering to offer investment management services to outside entities, VRS's modernization efforts, and other issues facing the VRS. This report will also include the December semi-annual investment report. At the December meeting, JLARC staff will present the biennial status and semi-annual investment report.

Update of the Legislator Guide to the Virginia Retirement System

(Ongoing)

The Virginia Retirement System Oversight Act requires JLARC to publish an informational guide to the Virginia Retirement System for the members of the General Assembly. The guide is produced with the assistance of the VRS staff. The guide was revised in early 2014 to reduce the level of detailed information provided and prioritize the inclusion of information about VRS that will be most useful to the General Assembly members seeking to better understand VRS. Starting in 2015, JLARC staff will update the printed guide every two years and the online guide annually.

Virginia529

The Virginia College Savings Plan Oversight Act of 2012 (§§ 30-330 through 30-335) authorizes JLARC's oversight function of the Virginia529 College Savings Plan. The act directs JLARC to oversee and evaluate Virginia529 on a continuing basis and as directed by the General Assembly.

Goals and Objectives

- Provide timely, accurate information about Virginia529 to the General Assembly.
- Assess the appropriateness of the structure of governance for the college savings plan and recommend modifications to the structure as necessary.
- Evaluate on a periodic basis the soundness of the savings plan prepaid program.

- Evaluate the structure and performance of the Virginia529 investment program and report to the General Assembly on any significant changes.
- Evaluate the efficiency and effectiveness of Virginia529 administration and operations.

Work Activities for 2014

Work activities for Virginia529 oversight are intended to ensure the General Assembly is informed about the plan's investments, actuarial status, and administrative effectiveness.

Attend Meetings of the Board of Directors and Committees

(Ongoing)

JLARC staff will attend the regular meetings of the Virginia529 Board of Directors and its committees, including the Audit and Actuarial Committee, the Compensation Committee, the Investment Advisory Committee, and the Scholarship, Education, and Outreach Committee.

Biennial Status Report

(Planned briefing: July 14, 2014)

JLARC is required to prepare a biennial status report on issues related to Virginia529 (§ 30-332). Issues for this report will include an overview of the investment performance of Virginia529's four college savings programs, changes to the contract and fees for the CollegeAmerica program, legislative changes adopted in the 2014 Session, and other issues facing Virginia529. The Virginia529 chief executive officer will provide a status update on the college savings plan at the July meeting.

Update of the Legislator Guide to Virginia529

(Ongoing)

In May 2014, JLARC staff will publish a guide to Virginia529, which was produced with the assistance of Virginia529 staff. The purpose of the Guide is to provide a resource to General Assembly members seeking to better understand Virginia529. Starting in 2015, JLARC staff intend to update the paper copy of the Guide every two years and the online version of the Guide annually.

VITA

The Appropriation Act directs JLARC to review and evaluate the Virginia Information Technologies Agency (VITA) on an ongoing basis.

Goals and Objectives

- Provide timely, accurate information about VITA to the General Assembly.
- Assess the state's infrastructure outsourcing contracts.
- Evaluate VITA's planning and oversight responsibilities.
- Evaluate VITA's procurement services and oversight of state agency procurement activities.

Work Activities for 2014

Work activities for VITA oversight are intended to ensure the General Assembly is informed about important aspects of VITA and IT services in Virginia.

Attend IT Advisory Meetings

(Ongoing)

JLARC staff will attend regular meetings of the Chief Information Officer (CIO) Council, the Information Technology Advisory Council, the Information Security Council, and other key IT advisory meetings.

Review of the State's IT Governance Structure

(Planned Briefing: September 8, 2014)

As discussed in Section 3 of this workplan, JLARC staff intend to conduct a review of the state's IT governance structure under JLARC's general VITA oversight authority. The findings from this review will be presented at the September meeting. VITA's CIO will also provide an update to the Commission on IT services in Virginia, including the status of the renegotiation of the state's central technology contract, at the September meeting.

Fiscal Analysis Services

In 1999, the General Assembly established a fiscal analysis function within JLARC to assist with analysis of fiscal impact and to conduct oversight of the executive branch expenditure forecasting process.

During each General Assembly Session, JLARC staff review executive branch fiscal impact statements that are referred to JLARC by committee chairs. The results of the staff reviews are published in fiscal impact review reports. JLARC staff also respond to ad hoc requests for fiscal review by General Assembly members and other legislative staff, as determined by the JLARC chair or director.

JLARC staff conduct an annual review of state spending growth, as required by statute (§ 30-58.3), and provide an annual publication comparing Virginia to other states across different indicators. Periodically, JLARC staff have also reviewed the forecasts that are key to major state programs, including Medicaid, corrections, primary and secondary education, and higher education.

Goals and Objectives

- Review the fiscal effects of legislation at the request of committee chairs, as required by the Appropriation Act.
- Conduct annual assessments of state spending growth, as required by statute (§ 30-58.3)
- Provide interstate comparisons of key economic and demographic indicators.
- Evaluate the performance of key executive branch forecasts and their relation to the biennial budget.
- Provide technical support to the General Assembly in the areas of legislative fiscal analysis and expenditure forecasting.

Work Activities for 2014

Work activities for fiscal analysis services are intended to respond to General Assembly requests about the fiscal effects of legislation and ensure that the General Assembly is informed about state spending, key interstate comparisons, and expenditure forecasts.

Fiscal Impact Reviews

(Annual Sessions of the General Assembly)

Upon the request of a committee chair, JLARC staff review the fiscal impact statement on any legislation. Through the 2014 General Assembly, JLARC staff have prepared about 100 such reviews. These reviews serve as a second opinion on the projected cost of a specific bill and have resulted in concurrence as well as non-concurrence with the fiscal impact estimated by state agencies.

Review of State Spending Growth

(Planned briefing: November 10, 2014)

JLARC staff will continue to review state spending, as mandated by statute (§ 30-58.3). The November report will update the 2013 report by including expenditures and appropriations from FY 2014 and by examining budget growth from FY 2005 through FY 2014. The report will also identify the largest and fastest growing programs and compare growth to indicators of economic activity (such as inflation) and other factors.

Virginia Compared to the Other States

(Planned publication: January 2015)

In 2003 the Commission directed staff to develop interstate comparisons of important benchmark areas. The Commission was also interested in the effect of state expenditures on local personal property tax (car tax) relief and Revenue Stabilization (Rainy Day) Fund deposits on Virginia's national rankings. In response, JLARC staff prepare a publication consisting of tables comparing the 50 states on a variety of economic and demographic indicators. The document displays how the states rank on indicators such as population, personal income, revenues, taxes, employment, and tuition at state colleges and universities.

Monitor Expenditure Forecasts

(Ongoing)

In 2000 and 2001, JLARC staff presented the Commission with an overview of the forecasting methods and procedures used in developing four major "budget driver" forecasts: elementary and secondary education average daily membership (school attendance), higher education enrollment projections, Medicaid expenditures, and the state-responsible felon (prison) population. The review found that three of the four forecasts were strongly linked to the state budget (the exception was higher education), and that the four forecasts used to prepare the FY 1999 budget were relatively accurate. JLARC staff review these expenditure forecasts on a periodic basis.

Other Oversight Activities

The Commission is responsible for several ongoing oversight activities assigned by statute. These oversight activities include reviews of internal service funds, proposed health insurance benefits, and higher education institution management agreements. In addition, staff periodically review Administrative Process Act exemptions. Staff also participate in the Inmate Forecast Technical Committee and the Debt Capacity Advisory Committee.

Internal Service Funds Oversight

JLARC monitors internal service funds on a continuing basis, pursuant to its statutory authority (§ 2.2-803). The Commission reviews the status of fund accounts and evaluates requests to change the nature and scope of the services provided or the customers served. Historically, the Commission has also approved the rates employed by fund managers for billing customer agencies.

JLARC monitors nine funds of the Department of General Services (DGS), one fund at the Virginia Information Technologies Agency (VITA), and two funds at the Department of Accounts (DOA).

DGS Funds

- Virginia Distribution Center Fund for the procurement and distribution of goods such as canned foods, paints, paper products, and cleaning supplies to state agencies, local governments, and school divisions.
- Office of Graphic Communications Fund for graphic design, layout, photography, and typesetting services provided to state agencies.
- Bureau of Facilities Management Fund for the building rent plan as well as special maintenance agreements between DGS and entities whose office space is located at the seat of government.
- State Surplus Property Operation Fund for the management and disposal of surplus property for state agencies and institutions.
- Federal Surplus Property Operation Fund for the acquisition and distribution of federal surplus property.
- Consolidated Laboratory Services Fund for the laboratory analyses provided for the Department of Environmental Quality and the Department of Agriculture and Consumer Services; the testing of motor fuels for the Virginia Department of Transportation; and the testing of drinking water samples for public waterworks.
- Division of Real Estate Services for activities associated with real estate transactions by state agencies and institutions, including the administration of leases for agencies that rent office space.
- Bureau of Capital Outlay Management Fund for the review of plans and specifications for capital and non-capital state projects to ensure compliance with the Virginia Uniform Statewide Building Code.
- Fleet Management Fund for the operation and management of the state's centralized fleet of passenger vehicles.

VITA Fund

Information Technology and Management Internal Service Fund for information technology services provided to state agencies.

DOA Funds

Enterprise Applications Internal Service Fund for statewide financial management and performance budgeting systems.

Payroll Service Bureau for centralized payroll processing services provided to some state agencies.

The 2014-2016 biennial budget bill changes how appropriations of internal service funds are presented. In light of this change, the budget includes language requiring JLARC to coordinate with the Department of Planning and Budget (DPB) to “establish policies and procedures for annually reviewing internal service fund revenues, expenditures, and approval of rates.” JLARC staff will work with DPB, DGS, VITA, DOA, and the Commission to develop an appropriate process for JLARC’s continued oversight of internal service funds. JLARC staff will present options for the Commission’s consideration at the June meeting and a policy detailing JLARC’s revised process for the Commission’s approval at the July meeting.

Evaluation of Proposed Health Insurance Mandates

As required by statute, JLARC evaluates proposed mandated health insurance benefits and reports its findings to the Health Insurance Reform Commission (§ 2.2-803). No mandates meeting JLARC’s statutory evaluation criteria were proposed during the 2014 session.

Review of Higher Education Institution Management Agreements

The Restructured Higher Education Financial and Administrative Operations Act requires that JLARC review the initial management agreements implemented by institutions of higher education (§ 23-38.88). The institutions that sign management agreements commit to meeting the 12 goals identified in the act. JLARC is to consider the degree to which the institutions with management agreements are meeting these goals, the overall degree of compliance of the institutions with the terms of the agreements, and the degree to which the institutions demonstrate the ability to successfully manage their operations under the agreements.

The JLARC review, in cooperation with the Auditor of Public Accounts, is to address institutional compliance with the agreement requirements during a time period of at least 24 months from the effective date of the agreements. Since 2008, JLARC staff have reported on the compliance of four institutions—the University of Virginia, Virginia Tech, William and Mary, and Virginia Commonwealth University—with their management agreements. There are no reviews of management agreements planned for 2014.

Review of Administrative Process Act Exemptions

The Administrative Process Act applies to the creation and implementation of regulations by government agencies, and specifies that opportunities be provided for public notification and comment on the regulations. In many cases, regulatory activity that

is exempt from the Administrative Process Act does not provide the same degree of opportunity for public notification and comment.

JLARC is required periodically to review exemptions to the Administrative Process Act and assess “whether there are any exemptions that should be discontinued or modified” (§ 2.2-4005). The Commission has the flexibility to initiate this activity at times when a review appears warranted, such as when issues or concerns have been raised relative to regulatory agency use or abuse of the exemptions.

JLARC staff completed a comprehensive assessment of exemptions to the Administrative Process Act in September 2009. The report recommended the removal of three obsolete exemptions, which were then discontinued by the 2010 General Assembly. The report also contains an appendix listing the rationales and usage of each of the exemptions, which should provide a good base of information for future assessments of the exemptions.

Support of the Council on the Future of Virginia

In 2003, the “Roadmap to Virginia’s Future” legislation was enacted, requiring state government agencies to develop strategic plan information and “performance measurement results.” The act creates the Council on the Future of Virginia (§ 2.2-2686) and directs JLARC to provide staff assistance to the council. JLARC staff will provide technical support as requested by the council in 2014.

Participation on the Inmate Forecast Technical Committee

Since the late 1980s, the Secretary of Public Safety has overseen an annual process of forecasting future inmate populations. This process, known as “consensus forecasting,” is technical in nature and is conducted by a forecast group of representatives from JLARC, the Department of Corrections, the Department of Criminal Justice Services, the Virginia Criminal Sentencing Commission, and experts appointed by the Secretary of Public Safety from the fields of criminal justice, population forecasting, or other appropriate fields of study. The deputy director of the Virginia Criminal Sentencing Commission acts as chair of the technical advisory group. The chief methodologist represents JLARC in reviewing the development of forecast methodologies and alternative forecasts of the state’s prison and jail populations.

Participation on the Debt Capacity Advisory Committee

The JLARC director is a member of the Debt Capacity Advisory Committee created by the 1994 General Assembly. The committee is required to review the size and condition of the state’s tax-supported debt and submit to the governor and General Assembly an estimate of the maximum amount of new tax-supported debt that may be prudently authorized for the next biennium. If necessary, the director submits an informational memorandum to the chairs of the money committees.

6 | Support Functions

Research Methods

The research methods section is composed of a chief methodologist and an associate methodologist who support teams in developing and carrying out evaluations of state programs and agencies. The chief and associate methodologists consult with project teams concerning individual project needs.

Goals and Objectives

- Support the conceptualization, design, and implementation of research methods and techniques that produce valid results for the General Assembly.
- Develop and implement training activities to enhance the capabilities of staff members to conduct applied research.
- Advise team members on research design, statistical methods, and data processing techniques to be used in the research process.
- Develop processes for providing technical assistance and consultation on JLARC studies.
- Provide technical assistance to the fiscal analysis section.

Work Activities for 2014

The research methods section actively participates in team-based projects, training, and special projects.

Team Support

The methodologists frequently consult with project teams to explore alternative design concepts for studies and to assist in implementation of the designs. In 2014, the chief methodologist will provide direct support for the study of low-performing schools and the studies of higher education in Virginia, and the associate methodologist will lead the study of federal spending in Virginia.

Training

Training offers an opportunity to enhance the capability of analysts to conduct research. The methodologists assess the need for methods training and work with the senior associate director to develop appropriate courses. Training activities may include multiple-session courses, workshops, individual tutorials, and informal discussions.

Extended Review

The chief and associate methodologists serve as members of the extended review team. In addition to a general review of team projects, the methodologists are responsible for assessing the sufficiency of methods and analysis, and for verifying major analytic findings of reports.

Publications & Communications

JLARC's publishing and external communications functions are carried out by a two-person team.

Goals and Objectives

- Sustain JLARC's standard of excellence for written products through strong writing, good design, and high-quality information graphics.
- Uphold JLARC's established editorial standard of accuracy, consistency, and integrity.
- Support members of the JLARC research staff as they transform complex, detailed technical work into coherent, accessible, useful information.
- Advance the communication of JLARC's work to the legislature and to the public.

Work Activities for 2014

The Publications & Communications team will focus on several initiatives for 2014, to include a new staff training program for report writing and a new design standard to be applied across JLARC publications. The JLARC website will be improved to increase accessibility across platforms, and a new social media policy will be established and implemented.

Publications

Publication design: handle the design, layout, and composition of JLARC publications and documents.

Editing: edit publications for clarity, logic, usage, and style; participate in extended review to develop and strengthen writing and organization of JLARC reports; review agency correspondence, surveys, presentations, and internal documents.

Information graphics and photography: design graphics to support JLARC reports and briefings; obtain photo images for use in reports or on website, either by taking original photographs or finding stock and public domain photos.

Production: oversee output and distribution of JLARC publications in print and electronic form.

Communications

Media strategy: maintain contact with media representatives; monitor media coverage.

Website design and maintenance: monitor web analytics; conduct usability testing and update design accordingly; maintain JLARC website.

Social media: establish social media policy and strategy; manage communications.

Other Functions

Coordination of presentations: function as stage manager during commission meetings; provide hardware and software support.

Training: develop and conduct training on writing, JLARC style, information graphics,

and formatting of reports.

Monitoring of impact: track the implementation of JLARC study recommendations and resulting improvements, efficiencies, and savings to the state government.

Business Management and Office Services

The business management and office services section is responsible for the administrative functions of the office. It is under the general supervision of the director. The business management function includes budgeting, fiscal, personnel and human resource activities, along with general administrative management of the office. The fiscal and human resources manager (business manager) oversees the daily operations of the section.

Goals and Objectives

- Provide a responsive, service-oriented function for the office's research mission.
- Ensure an effective system of internal control to provide accountability, promote operational efficiency, strengthen compliance, and reduce the risk of financial or other asset losses due to fraud, waste, or abuse.
- Execute the budget plan and monitor expenses and receipts for compliance, and monitor and control current year expenditures for appropriateness, accuracy, and timely processing.
- Administer the payroll, oversee the timely completion of staff evaluations, monitor payroll deductions, and activate salary adjustments.
- Conduct administrative preparation and follow up for Commission meetings, including polling of members, copying and organizing documents, and drafting meeting minutes.
- Monitor and manage employee leave balances and track project hours and other staff activities through the time allocation system.
- Monitor and control fixed assets and inventory.
- Coordinate human resources and personnel services for the office.
- Assist in preparation for and orientation of new staff members.
- Administer employee benefit programs and assist staff in their efforts to access current information.
- Maintain the JLARC Administrative Manual and inform staff of policy and procedural changes or developments.
- Carry out responsibilities as outlined in the records management policies and procedures, including maintenance of agency archives.
- Ensure that the research staff is provided with accurate and timely document reproduction, word processing, and data entry support.
- Coordinate travel arrangements for research teams in the conduct of field work.
- Organize legislative tracking activities.
- Coordinate parking for agency staff.

- Provide opportunities for the support staff to receive training to enhance current skills and capabilities.
- Integrate office logistics and activities.
- Provide quality phone and reception coverage.

Work Activities for 2014

Budgeting

Budgeting activities include establishing and monitoring the budget plan and processing and controlling agency expenditures. The current budget year's expenditures are monitored and controlled to ensure that prompt payment, reporting, and other established guidelines are met. Appropriate budget worksheets are prepared annually to ensure expenditures are maintained within the budget limits.

Payroll/Personnel

The section manager completes all required reconciliations and monitors leave balances to ensure accurate payment to employees and proper withholding. The preparation of performance evaluations is also closely monitored to ensure timely completion and processing.

Benefits

In order to keep abreast of all changes to employee benefits and to provide staff with accurate and current information, the section manager continues to attend benefit administrator meetings. The section manager is responsible for providing information to and assisting employees with health care benefits, flexible reimbursement accounts, retirement benefits, deferred compensation, optional life insurance, and long-term care insurance. Throughout the year, the section manager assists employees with updating or changing their health care memberships or plans when qualifying conditions occur. The administrative section will continue to assist with and inform employees about benefit changes related to the Virginia Retirement System, the Virginia Sickness and Disability Program, the Long-Term Care Insurance Program, Optional Group Life coverage, and the Deferred Compensation Plan. As benefits continue to change, the section manager distributes accurate and timely information and answers staff questions.

Commission Meeting Preparation

The administrative section, with the assistance of the Publications and Communications section, is also responsible for preparing all materials used for Commission meetings. These include generating a Commission meeting preparation list, mailing materials to Commission members prior to meeting dates, and copying and organizing all meeting materials. The section manager is responsible for distributing meeting materials to Commission members and drafting the Commission meeting minutes. After the completion of Commission meetings, the section processes members' travel reimbursements. The Publications and Communications section prepares reports and other materials for posting on the agency's website.

Records Management

The records manager, with the assistance of the administrative section, will carry out the responsibilities as outlined in the agency's records management policy.

Revision of JLARC's Administrative Manual

The section manager distributes revisions to JLARC's Administrative Manual on an ongoing basis. As a result of converting the manual to a PDF format several years ago, making and distributing updates and changes to the manual has become a more timely and efficient process. In addition, electronic publication of the administrative manual has reduced labor and other costs associated with producing hard copies and has provided staff with desktop access to the manual. By producing a PDF of the administrative manual, staff can easily access links to websites containing additional benefits information and other state and federal policies.

Document Processing

The administrative support staff provides assistance to the research staff as needed to promote a steady workflow of material through word processing and data entry assistance. Further, the support staff assists with various document reproduction activities.

Training and Development

Training and professional development are largely the responsibility of the individual, but JLARC offers an annual training program to ensure that staff have skills appropriate to work requirements. Each staff member, in conjunction with his or her supervisor, assesses personal strengths and weaknesses. Individual staff members can then pursue self-directed study (such as online software courses or writing webinars), training, university courses, or other options. The training program is coordinated by the senior associate director.

Goals and Objectives

- Maintain an organizational training program that promotes the accomplishment of agency missions and goals.
- Orient new staff to JLARC processes and procedures.
- Provide staff with greater opportunities to grow and succeed.
- Strengthen JLARC's approach to organizational and team management.
- Provide staff with appropriate training opportunities to improve work performance and enhance their capacity for greater responsibility.
- Provide staff with training opportunities on presentation skills and techniques.

Training Program

Staff training activities are designed to improve job performance. Job performance can be enhanced through meaningful learning experiences that impart knowledge, improve skills, or change attitudes.

Assessment of Training Needs

An ongoing assessment of training needs is conducted for the research and administrative staff. This assessment is routinely addressed in management team planning meetings. This assessment may include consideration of staff requests for training, review of education and training courses already taken by staff, and a review of professional development opportunities highlighted in employees' performance evaluations.

Training Activities

Based on organizational and individual needs, a training program is designed and implemented annually. The program contains training and education courses aimed at meeting JLARC's overall training and staff development needs. While the organization will attempt to provide opportunities for staff to acquire the skills necessary for advancement, responsibility ultimately rests with the individual. Staff members are expected to be proactive in identifying and addressing their own needs. Opportunities for training include

- in-house training courses and ongoing tutorials,
- programs conducted by other state agencies,
- limited university tuition reimbursement for pre-approved coursework,
- consultant-conducted classes or programs at JLARC,
- outside seminars and training sessions, including continuing education and skills development classes at state universities and community colleges,
- self-directed writing or reading programs, and
- others as requested and approved.

Training courses will be designed to strengthen staff research, managerial, technical, and human relations skills. (Training activities for 2014 are listed on page 26.)

Training activities 2014

Periodic or Special Training	Provider
Legislative Staff Management Institute	NCSL
Fundamentals for Supervisors	VCU
Commonwealth Management Institute	VCU
Virginia Executive Institute	VCU
Health Care Benefits	DHRM, Selected Staff
Human Resource Leadership Conference	DHRM
Agency Risk Management & Internal Control Systems	DOA
Conflict of Interest Act	OAG
NCSL Annual Meeting	NCSL Staff, Legislators & Staff From Other States
NLPES Professional Development Seminar	Staff from Peer Agencies
NCSL/NLPES Programs	NCSL/NLPES Trainers
Microsoft Office® Applications	Selected Staff, Outside Trainers
Geographic Information Systems / Mapping	Selected Staff, Outside Trainers
Lexis-Nexis	Legislative Services Staff
Lobbyist-in-a-box	DLAS, Selected Staff
Certificate in Evaluation Practice	The Evaluator's Institute
Project Management	Orion Development Group
Surveys	Dr. Nora Schaeffer (University of Wisconsin)
Ongoing Training	
Cardinal, CIPPS (Payroll), Fiscal Management	Cardinal Project Team and DOA
Statistical Analysis Software (SAS)	Selected Staff
New Employee Orientation	Management Team
Writing and Graphics	Legislative Analysts for Publications
CommonHealth Activities	DHRM, Selected Staff
Benefits Administration	DHRM
Retirement System Benefits	VRS
Worker's Compensation	DHRM
Records Management	Fiscal and Administrative Services Section Manager
Other Software	Selected Staff, DLAS



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